



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority
NEWS RELEASE

05-14

Arnold Schwarzenegger, Governor

Wayne Strumpfer, Acting Commissioner

FOR IMMEDIATE RELEASE
October 21, 2005

Contact: Susie Wong,
(916) 324-9011

**SCAM ARTIST POSING AS VENTURE CAPITALIST SENTENCED FOR
SELLING FRAUDULENT INVESTMENTS TO SAN JOSE INVESTORS**
*Local residents among at least 50 investors from various states who were
conned by telemarketing calls and Internet ads*

(Sacramento, CA)—A Los Angeles man has been sentenced to four years in state prison after pleading guilty to one count of securities fraud in each of three counties: Santa Clara, Santa Cruz and Placer. Richardson was ordered to pay restitution to California investors totaling more than \$600,000.

Wayne Keith Richardson, 47, had been sentenced on October 14 in Santa Cruz County Superior Court. Santa Clara County District Attorney's Office charged Richardson in January 2003 with grand theft and securities fraud in connection with bilking two elderly investors of \$75,000.

Authorities claim Richardson used investors funds for trips to Hawaii and New York City, luxury hotels, and shopping sprees in Beverly Hills and New York City.

When Richardson failed to appear for trial in May 2003, Santa Clara County Superior Court issued a \$3 million arrest warrant. He remained at large until a Michigan man, whose father was about to invest \$25,000, researched Richardson on Corporations Web site and discovered he was unlicensed and had been issued enforcement orders in several states. With the help of the investor, a meeting was arranged at a hotel near the Los Angeles International Airport whereupon FBI agents and U.S. Marshals posing as investors arrested Richardson.

"This type of criminal conduct against unsuspecting investors, many of whom were elderly, is unconscionable and will not be tolerated," said Corporations acting Commissioner Wayne Strumpfer. "This sentence and order to pay restitution should make other schemers think twice before starting their own illegal investment scams."

Corporations Counsel Sean Rooney worked with the Santa Clara County District Attorney's Major Fraud/Economic Crime Unit to prosecute Richardson. "This case is an excellent example of pooling the expertise of state and local authorities and achieving great results," said Robert Lux, Deputy District Attorney.

-more-

2-2-2-2-2

The Department of Corporations is California's investment and financing authority and is responsible for the regulation, enforcement, and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending, residential mortgage lending, and payday lenders. Contact our toll-free consumer resource center at (866) ASK-CORP or (866) 275-2677 for information or to obtain a consumer complaint form. Please visit Corporations' Web site at www.corp.ca.gov.

#